

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:53
ANSWERED ON:23.02.2001
DUTY EVASION BY MULTINATIONAL
ABDUL RASHID SHAHEEN

Will the Minister of FINANCE be pleased to state:

- (a) the details of duty evasion by Multi National Companies during the past one year
- (b) whether the Government have made any enquiry into the violation of the Customs Act as well as evasion of customs duty by these companies;
- (c) if so, the details of companies and the cases filed against them; and
- (d) the specific steps taken by the Government to prevent the evasion of duty?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N.RAMACHANDRAN)

(a) to (d):- A statement is laid on the table of the house.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.53 FOR 23-2-2001

(a) The details of cases of alleged evasion of duty by multinational companies in the financial year 1999-2000 are as under:-

Year	Number of Cases	Amount involved
	Involving evasion of	(In rupees lakhs)
	Duty of Central	Central Excise/Customs
	Excise/Customs	
1999-2000	97 26	10137.04 11412.00

(b)&(c) Yes, sir. The details of cases in which enquiry has been conducted and adjudication proceedings initiated against the multinational companies for their alleged violation of provision of Customs Act as well as Evasion of Customs duty during financial year 1999-2000 are enclosed at Annexure-A.

(d) The Government has taken a number of steps to prevent the evasion of Custom duty and Excise duty and ensure compliance of the tax payers- Some of the specific steps taken include measures of check under-valuation, to prevent the abuse of export promotion schemes such as DEEC, DEPB, 100% EOUS etc; surprise checks of production and clearances, transit checks, CENVAT checks and intensive auditing of manufacturing units as per revised guidelines. The field formations including the Directorate of Revenue Intelligence and the Directorate General of Central Excise Intelligence are keeping a close watch against commercial frauds and duty evasion.

ANNEXURE-A

Financial Year 1999-2000

Name of MNC	Nature of Offence	Status
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1.Usha Martin Wrong availment of duty Rs. 1.39 Crores
Telecom Ltd. benefit by pending in CEGAT
misinterpreting Customs
notification.

2.SEDCO Import of one drilling The CEGAT vide order
FOREX rig `Trident II, valued dated 2nd February, 2001
at Rs. 210.83 crores, has modified the
without payment of any commissioner's order
Customs duty and without reducing the fine from
the Customs formalities. Rs. 15 Crores to
Rs. 25 lakhs and penalty
from Rs.5 Crores to
Rs. 5 lakhs respectively.

3.SIEMENS Ms declaration of The goods were being
LTD. re-export goods.Duty exported under drawback
involved Rs. 4,31,000/- claim. As these appeared
to be mis-declared they
were confiscated imposing
redemption fine of
Rs. 50,000/- and pp.
Of Rs. 10,000/-

The importer mis-declared

4.AHP the goods claiming benefit The goods valued at
MANUFAC- of Customs duty exemption Rs. 1.19 crores
TURING notification 16/2000 were adjudicated
B.V. dated 1.3.2000 and an extra duty of
Rs. 29.75 lakhs
collected. No
RF/PP was imposed.

5. M/s. The company had obtained An offence case was
Motorola a license bearing No. registered against the
Ltd; 88, 07001273 under DEEC Scheme company. The company
electr- for export of 70,000 Nos. has deposited a sum of
onic of pagers. Against the said Rs.57.25Lakhs towards
City, license duty free import of customs duty and interest.
Hosur goods valued at Rs. 75 lakhs The case was adjudicated
Road, involving a duty of by the Commissioner of
Bangalore Rs. 40 lakhs were made. Customs, Bangalore on
561229 But the company failed 9.6.2000. Redemption fine
to fulfil the export of Rs. 3.50 lakhs and
obligation. penalty of Rs.50,000/-
was imposed.

6. M/s. Duty evaded Rs. 257.06 lakhs. Case was adjudicated and
Siemens goods i.e. CD Roms were
Public confiscated. A redemption
Communi- fine of Rs. 5 crores
cation with option to reship
Networks goods on payment of
Ltd. customs duty and penalty
of Rs. 3 crores was given.

7. M/s. Evasion of Customs duty of Rs. 4.8 crores towards
Ericson Rs. 461.00 lakhs by importing duty evade/interest have
Services telecommunication Software. been recovered so far
Communi- from the party. SCN
cation issued demanding duty
Ltd. evaded by the party.

8. Sch- Duty evaded of SCN issued. For the
humber- Rs. 72.00 lakhs. imports at Chennai, the

ger Asia Service of Rs. 1 lakh. Adjudi cation for imports at Mumbai is pending.	Commissioner of customs ordered demand of duty of Rs. 9.11 lakhs and penalty
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9.Emirates Trading Agency	Duty evaded of Rs. 160.00 lakhs.	SCN issued and the case is under the process of adjudication.
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10.M/s. Seagram Manu- facturing Pvt. Ltd.	Evasion of Customs duty of Rs. 38.00 lakhs . By mis-declaration of value of imported goods.	SCN issued by ADG, DRI.
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11.M/s.L. G. Electro nics Ltd. Noida(UP) and utilized them for duty free imports. M/s. Sundram Exports had obtained the license by gross valuation of exports of CD Roms	Duty evaded of Rs.355 lakhs.Purchased trans ferable DEPB license from M/s. Sundram Express	SCN issued by ADG, DRI.
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12.M/s.Sony India Ltd. Haryana utilized them for duty free imports.M/s. Cyber Express had obtained the license by gross over- valuation of exports of CD Roms.	Purchased transferable DEPB licenses from M/s Netcompware Pvt. And	Duty evaded of Rs. 42 lakhs. SCN issued by ADG, DRI.
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